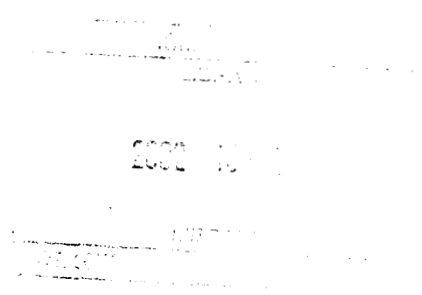


REPUBLIC OF SOUTH AFRICA

PATENTS AMENDMENT BILL

(As introduced in the National Assembly as a section 75 Bill; explanatory summary of Bill published in Government Gazette No. 23958 of 18 October 2002) (The English text is the official text of the Bill)

(MINISTER OF TRADE AND INDUSTRY)



[B 64—2002]

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GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from existing enactments.

 Words underlined with a solid line indicate insertions in existing enactments.

BILL

To amend the Patents Act, 1978, so as to bring certain provisions in line with the Agreement on Trade-related Aspects of Intellectual Property Rights; to bring provisions regarding the processing and amendment of applications under the Patent Co-operation Treaty in line with other applications; to effect technical corrections to some provisions and clarify others; to provide for the non-infringement of a patent under certain circumstances; and to provide for matters incidental thereto.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 32 of Act 57 of 1978, as amended by section 2 of Act 44 of 1986

1. Section 32 of the Patents Act, 1978 (hereinafter referred to as the principal Act), is hereby amended by the substitution for subsection (3) of the following subsection: 5

“(3) A complete specification shall—

- (a) have an abstract as prescribed;
- (b) **[fully] sufficiently** describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which it is to be performed in order to enable the invention to be performed by a person skilled in the art of such invention; and 10
- [(c) disclose the best method of performing the invention known to the applicant at the time when the specification is lodged at the patent office; and]** 15
- (d) end with a claim or claims defining the invention for which protection is claimed.”.

Amendment of section 33 of Act 57 of 1978

2. Section 33 of the principal Act is hereby amended by the substitution for subsection (2) of the following subsection: 20

“(2) Where priority is claimed in an application in terms of section 31(1) from one or more prior applications, or one or more prior applications in a convention country or countries, or both, and the invention claimed in the application is fairly based on matter disclosed in one or more of **[the] any such** prior applications, the priority date of the invention shall be the date of lodging of the earliest of **[the] such** 25

prior applications in which that matter was disclosed in so far as it is fairly based on such earliest application.”

Substitution of section 43A of Act 57 of 1978

3. The following section is hereby substituted for section 43A of the principal Act:

“Interpretation

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43A. In this Chapter, unless the context otherwise indicates—

(a) any word or expression defined in the Patent Co-operation Treaty shall have the same meaning as in that Treaty; and

(b) “national phase of international application” means an application for a patent in the Republic contemplated in section 43B, in respect of which the applicant has complied with section 43E.”

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Amendment of section 43D of Act 57 of 1978

4. The following section is hereby substituted for section 43D of the principal Act:

“National processing

43D. The patent office as designated Office or elected Office shall not commence processing of the national phase of an international application designating or electing the Republic before the expiration of the period referred to in section 43E(1) except where the applicant complies with that section and lodges with the patent office a written request for early commencement of such processing.”

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Amendment of section 43E of Act 57 of 1978

5. Section 43E of the principal Act is hereby amended—

(a) by the substitution for paragraph (b) of subsection (1) of the following paragraph:

“(b) if the international application has not been lodged or published in terms of the Patent Co-operation Treaty in English, lodge at the patent office within the prescribed period a translation of the international application, containing the prescribed contents, in an official language of the Republic.”;

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(b) by the substitution for subsection (2) of the following subsection:

“(2) If the applicant does not comply with subsection (1) within the period referred to in that subsection [**or the further period that the registrar allows**], the international application concerned, insofar as the Republic is designated or elected, shall be deemed to have been abandoned for the purposes of this Act.”; and

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(c) by the addition of the following subsection:

“(3) The registrar may upon application made either before or after the expiry of the further period contemplated in subsection (1), extend the period for a further period not exceeding three months.”

Amendment of section 43F of Act 57 of 1978

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6. The following section is hereby substituted for section 43F of the principal Act:

“Administration

43F. (1) When processing the national phase of an international application, the patent office shall, subject to subsections (2), [**and**] (3) and (4), apply the Patent Co-operation Treaty, the regulations made thereunder and the administrative instructions issued under those regulations, and the other provisions of this Act.

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(2) When processing the national phase of an international application, the Patent Co-operation Treaty, the regulations made thereunder and the

administrative instructions issued under those regulations shall prevail in the event of any conflict with this Act.

(3) When processing the national phase of an international application designating the Republic—

- (a) (i) section 9(b) shall not apply; and 5
(ii) the applicant shall be represented by an agent who shall be appointed within the prescribed time;
- (b) section 10 shall apply only if the applicant complies with section **[43E(1)] 43E** and the applicant who so complies shall, for the purposes of section 10, be deemed to be the applicant in respect of the national phase of the international application; 10
- (c) section 16(2) shall apply in relation to time limits specified in terms of the Patent Cooperation Treaty, the regulations made thereunder and the administrative instructions issued under those regulations unless otherwise provided therein; 15
- (d) (i) section 30(1), (5) and (6) **[and (7)]** shall not apply; **[and**
(ii) **the international application shall date from, and the date of application of the international application shall be, the international filing date accorded in terms of the Patent Co-operation Treaty;**] 20
- (e) (i) the description, claims, drawings (if any) and abstract referred to in Article 3(2) of the Patent Co-operation Treaty shall be deemed to be a complete specification; and
(ii) section 32(5) shall not apply; 25
- (f) if— 25
(i) the international application is a convention application;
(ii) the applicant has complied with Rule 17.1 of the regulations made under the Patent Co-operation Treaty; and
(iii) the priority document referred to in the said Rule 17.1 is a prescribed document for the purposes of section 35(2), 30
the applicant shall be deemed to have furnished a copy of the priority document within the prescribed period referred to in section 35(2);
- (fA) if the first-mentioned application contemplated in section 37 is the national phase of an international application, the date on which that application was lodged at the patent office shall be the international filing date accorded in terms of the Patent Co-operation Treaty; 35
- (g) section 38 shall not apply;
- (h) **[for the purposes of section 40,]** the period of 18 months from the date of the application shall, for the purposes of section 40, be a period of 12 months from the date on which the applicant complies with section **[43E(1)] 43E**; 40
- (i) section 43(3) shall not apply but, when the applicant has complied with section **[43E(1)] 43E** and the international application has been published in terms of Article 21 of the Patent Co-operation Treaty, the national phase of the international application shall be open to public inspection as provided in section 43(1); 45
- (j) section 43(4) shall not apply;
- (jA) the date of application of the national phase of the international application shall, for the purposes of section 46 be the international filing date accorded in terms of the Patent Co-operation Treaty; 50
- (k) any correction or rectification of any document made in terms of the regulations made under the Patent Co-operation Treaty shall be deemed to be a correction or amendment made in terms of section 50;
- (l) (i) if an application for amendment of the national phase of the international application is made before [the acceptance of the international application] publication in terms of section 42, the application for amendment shall not be advertised as contemplated in section 51(2); 55
(ii) **[if—**
(aa) the applicant has not elected the Republic for the purposes of an international preliminary examination under Chapter II of the Patent Co-operation Treaty before the expiration of 19 months from the priority 60

date as defined in Article 2(xi) of that Treaty and the applicant has complied with section 43E(1), any amendment made in terms of Article 19 of that Treaty; and
 (bb) the applicant has elected the Republic for the purposes of an international preliminary examination under Chapter II of that Treaty before the expiration of 19 months from the priority date as defined in Article 2(xi) of the Patent Co-operation Treaty and the applicant has complied with section 43E(1), any amendment annexed to the international preliminary examination report, shall be deemed to have been made in terms of section 51 but may be set aside in terms of subsection (10) thereof.]

(m) any amendment made in terms of—

- (i) Article 19 of the Patent Co-operation Treaty and which does not go beyond the disclosure in the international application as filed; or
 - (ii) Article 34 of the Patent Co-operation Treaty and which is annexed to the international preliminary examination report, shall be deemed to have been allowed in terms of section 51 but may be set aside in terms of subsection (10) of that section if the amendment does not comply with subsection (6) or (7) thereof.
- (4) Save as provided for in this Chapter, the provisions relating to an application for a patent accompanied by a complete specification shall *mutatis mutandis* apply to the national phase of an international application, and to any patent granted thereon.”

Amendment of section 45 of Act 57 of 1978, as amended by section 40 of Act 38 of 1997

7. Section 45 of the principal Act is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) The [sale] disposal of a patented article by or on behalf of a patentee or his licensee shall, subject to other patent rights, give the purchaser the right to use, offer to dispose of and dispose of that article.”

Amendment of section 48 of Act 57 of 1978

8. Section 48 of the principal Act is hereby amended—

(a) by the substitution in subsection (1) for paragraph (b) of the following paragraph:

“(b) used, offered to dispose of or disposed of any article made or imported in the period referred to in paragraph (a); or”;

(b) by the substitution in subsection (1) for subparagraph (ii) of paragraph (c) of the following subparagraph:

“(c) (ii) uses or offers to dispose of or disposes of any articles or products produced by the continued use or exercise referred to in subparagraph (i):” and

(c) by the substitution for subsection (2) of the following subsection:

“(2) Where a patent has been restored under section 47, any person who, during the period referred to in subsection (1)(a), has expended any money, time or labour with a view to making, using, exercising [or], offering to dispose of, disposing of or importing the invention, may apply in the prescribed manner to the commissioner for compensation in respect of the money, time and labour so expended.”

Amendment of section 49 of Act 57 of 1978, as amended by section 42 of Act 38 of 1997

9. Section 49 of the principal Act is hereby amended by the substitution in subsection (2) for paragraph (a) of the following paragraph:

“(a) to make, use, exercise [or], offer to dispose of, dispose of or import the patented invention;”

Amendment of section 57 of Act 57 of 1978

10. Section 57 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) Any contract, in so far as it relates to a licence under a patent to make, use, exercise [or], offer to dispose of, dispose of or import a patented invention, shall terminate on the date on which the patent under which the licence was granted expires, is revoked or otherwise ceases to protect such invention: Provided that where the contract relates to licences under more than one patent, such part of the contract as relates to any particular licence shall terminate when the patent under which it was granted expires, is revoked or otherwise ceases to protect the invention concerned, and that the contract as a whole shall terminate when all the patents under which all such licences were granted and which were in force at the time when the contract became operative, expire, are revoked or otherwise cease to protect the relevant inventions.”.

Amendment of section 58 of Act 57 of 1978

11. Section 58 of the principal Act is hereby amended by the substitution for paragraphs (a) and (b) of the following paragraphs:

“(a) a licence to make a patented article shall carry with it the right to use or offer to dispose of or dispose of the patented article; and

(b) a licence to use or exercise a patented process shall carry with it the right to make, use or offer to dispose of or dispose of the product of the process.”.

Amendment of section 61 of Act 57 of 1978

12. Section 61 of the principal Act is hereby amended by the substitution in subsection (1) for paragraph (e) of the following paragraph:

“(e) that the complete specification concerned does not sufficiently describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which it is to be performed in order to enable the invention to be carried out by a person skilled in the art of such invention;”.

Amendment of section 65 of Act 57 of 1978, as amended by section 3 of Act 76 of 1988 and section 46 of Act 38 of 1997

13. Section 65 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) Subject to the provisions of section 53(3), proceedings for infringement of a patent may be instituted by the patentee [or an exclusive licensee mentioned in section 56(11)].”.

Amendment of section 66 of Act 57 of 1978

14. Section 66 of the principal Act is hereby amended by the substitution for subsection (3) of the following subsection:

“(3) Any person who, having made a request referred to in subsection (2), expends during the period referred to in that subsection any money, time or labour with a view to making, using, exercising [or], offering to dispose of, disposing of or importing the invention, may apply in the manner prescribed to the commissioner for compensation in respect of the money, time or labour reasonably so expended, and the commissioner may issue such order as he or she may deem fit.”

Amendment of section 69 of Act 57 of 1978

15. Section 69 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) A declaration that the use by any person of any process, or the making or use or [sale] offer to dispose or disposal or importation of any article by any person [of any article], does not or would not constitute an infringement of a patent, may be made by the commissioner in proceedings between that person and the patentee [or

an exclusive licensee mentioned in section 56(11)], notwithstanding that no assertion to the contrary has been made by the patentee [or licensee], if it is proved—

- (a) that such person has applied in writing to the patentee [or licensee] for a written acknowledgement to the effect of the declaration claimed, and has furnished [him] the patentee with full particulars of the process or article in question; and 5
- (b) that the patentee [or licensee] has failed to give such an acknowledgement.”

Insertion of section 69A in Act 57 of 1978

16. The following section is hereby inserted in the principal Act after section 69: 10

“Acts of non-infringement

69A. (1) It shall not be an act of infringement of a patent to make, use, exercise, offer to dispose of, dispose of or import the patented invention on a non-commercial scale and solely for the purposes reasonably related to the obtaining, development and submission of information required under any law that regulates the manufacture, production, distribution, use or sale of any product. 15

(2) It shall not be permitted to possess the patented invention made, used, imported or acquired in terms of subsection (1) for any purpose other than for the obtaining, development or submission of information as contemplated in that subsection.”. 20

Short title

17. This Act is called the Patents Amendment Act, 2002.

MEMORANDUM ON THE OBJECTS OF THE PATENTS AMENDMENT BILL, 2002

1. Purpose

The purpose of the Patents Amendment Bill, 2002 (“the Bill”), is, *inter alia*, to provide for certain definitions; to bring the provisions for, and matters related to, the early working of a patent before its expiry in line with the Agreement on Trade-related Aspects of Intellectual Property Rights (the TRIPS Agreement); to bring the provisions regarding the requirement for complete specifications, and the related grounds for revocation in line with the TRIPS Agreement; and to bring the provisions for the prosecution and amendment of Patent Co-operation Treaty (PCT) applications in line with other applications. The Bill also seeks to effect technical corrections and consequential amendments. These may be summarised as follows:

2. Objects of the Bill

Amendment of section 32

The provisions of section 32(3)(b) and (e) in their present form require that a complete specification must—

- (a) fully describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which it is to be performed; and
- (b) disclose the best method of performing the invention known to the applicant at the time when the specification is lodged at the Patent Office.

The latter requirement is referred to as “the best mode” requirement. Section 61(1)(e) makes a patent liable to revocation if these requirements are not met.

Article 29(1) of the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) makes it discretionary for member states of the World Trade Organization (WTO) to have a best mode requirement in their patent legislation. Whenever a member state chooses to include a best mode requirement in its patent legislation, TRIPS requires that the relevant date for disclosure of the best mode should either be the filing date, or the priority date where such is claimed, but not the filing date when priority is claimed. Thus, section 32(3)(b) and (c) and section 61(1)(e) of the Patents Act, 1978 (“the Act”), of South Africa in their present form do not necessarily comply with the requirement of Article 29(1) of TRIPS, since these sections specify that the date on which the best method known to the applicant for performing the invention must be disclosed, is the date of lodging of the complete patent specification at the South African Patent Office.

Article 29(1) of the TRIPS Agreement provides a requirement that the applicant for a patent shall disclose the invention in a manner sufficiently and completely for the invention to be carried out by a person skilled in the art. The wording of sections 32 and 61 of the Act are not in line with the wording of the TRIPS Agreement and therefore there is a need to use the language used in the said article. This trend is also found in jurisdictions such as the United States, Canada, Japan, the United Kingdom and member states of the European Union.

It is therefore imperative that the proposed amendments be compatible with those of South African trading partners who are also guided by TRIPS, thus bringing certainty in the patenting system.

Amendment of section 33

The amendment is necessary to make it clear that a priority date of an invention can also attach to a prior application in a convention country.

Amendment of section 43A

The amendment proposes a definition of “national phase of an international application” and is related to the amendments contained in clauses 4 and 6.

Amendment of section 43D

The amendment seeks to clarify that the Patent Office will process the national phase of the international application.

Amendment of section 43E

The amendment to section 43E(1)(b) is necessary to make it clear that the required translation of the international application must be in an official language of the Republic and should be filed within the period prescribed in the regulations.

The amendment to section 43E(2) is necessary to make it clear that it is the designation or election of the Republic which is deemed to be abandoned.

The amendment also gives the Registrar the power to extend the prescribed period either before or after its expiry for a further period not exceeding three months.

Amendment of section 43F

The primary objective of the proposed amendments is to create consistency between the provisions for the processing and amendment of Patent Co-operation Treaty applications, and those applicable to other patent applications.

Amendment of sections 45, 48, 49, 57, 58 and 66

The amendments seek to bring the relevant sections in line with section 45(1) of the Act.

Amendment of section 61

The amendment of section 61(1)(e) is to bring the revocation provisions of the Act in line with the new requirements of section 32(2)(c) as discussed above.

Amendment of sections 65 and 69

Section 45(1) of the Intellectual Property Laws Amendment Act No. 38 of 1997 amended section 56(11) of the Act and therefore all references to section 56(11) should be removed.

Section 69A

This amendment proposes to introduce “early working of a patent” before the patent expires, thus allowing immediate entry of generics after expiry of a patent (Bolar provision).

3. Financial implications for State

None.

4. Departments/Bodies consulted

The South African Institute of Intellectual Property Law and certain firms of patent attorneys.

5. Parliamentary procedure

The State Law Advisers and the Department of Trade and Industry are of the view that this Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution since it contains no provision to which the procedure set out in section 74 of 76 of the Constitution applies.